

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 00795 01 OF 02 181132Z

15

ACTION SS-25

INFO OCT-01 ISO-00 /026 W

----- 078521

R 181050Z FEB 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2280

INFO AMEMBASSY ALGIERS

AMEMBASSY JIDA

AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 1 OF 2 KUWAIT 0795

EXDIS

E.O. 11652: GDS

TAGS: ENRG, EFIN, EINV, PFOR, KU, US

SUBJECT: UNDERSECRETARY ROBINSON'S VISIT TO KUWAIT

SUMMARY: UNDERSECRETARY ROBINSON HAD USEFUL VISIT TO KUWAIT WHICH OFFERED HIM OPPORTUNITY TO MEET SEVERAL KEY OFFICIALS, AND EXPLAIN TO THEM USG DESIRE TO COOPERATE WITH KUWAIT IN CRITICAL INTERNATIONAL ENERGY AND INVESTMENT AREAS. KUWAITIS CLEARLY PLEASED WITH ROBINSON'S MESSAGE. IN CANDID EXCHANGE OF VIEWS THEY URGED LESS EMOTIONAL APPROACH IN US TO KUWAITI INVESTMENT AND ASKED THAT OPEC STATES BE TREATED AS FULL PARTNERS IN PRODUCER-CONSUMER DISCUSSIONS. KUWAITI OFFICIALS STRESSED THEIR DESIRE TO ACT AS RESPONSIBLE INVESTORS IN US AND ELSEWHERE AND REITERATED DESIRE TO JOIN WITH US IN THIRD COUNTRY JOINT VENTURES. SPECIFICALLY THEY INDICATED KEEN INTEREST IN LOOKING INTO POSSIBILITIES FOR COOPERATION IN ALTERNATIVE ENERGY RESEARCH AND DEVELOPMENT. STABILITY OF DOLLAR WAS DISCUSSED, BUT KUWAITIS AGREED DOLLAR WAS NOW UNDERVALUED AND CAN BE EXPECTED TO RISE IN VALUE BEFORE LONG. END SUMMARY.

1. UNDERSECRETARY ROBINSON HAD BRIEF BUT BUSY ONE DAY VISIT TO KUWAIT FEBRUARY 17. ROBINSON WAS ABLE TO HAVE USEFUL DISCUSSIONS WITH MINISTER OF OIL AL-KAZIMI, FOREIGN MINISTER SABAH AL-AHMAD AND DIRECTOR OF INVESTMENTS KHALED ABU SU'UD. FYI MINISTER OF FINANCE ATEEQI WAS IN HOSPITAL AND THEREFORE UNAVAILABLE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 00795 01 OF 02 181132Z

END FYI. HE ALSO MET INFORMALLY WITH PLANNING BOARD DIRECTOR

AHMAD DUAIJ, CENTRAL BANK GOVERNOR HAMZA ABBAS HUSSAIN AND KUWAIT INVESTMENT COMPANY GENERAL MANAGER HAMAD AL-BAHAR.

2. UNDERSECRETARY EXPLAINED PURPOSE OF HIS VISIT WAS TO ASSURE KUWAITIS OF US DESIRE TO CONSULT AND COOPERATE WITH KUWAIT IN ENERGY, INVESTMENT AND OTHER IMPORTANT ECONOMIC MATTERS. ROBINSON ACKNOWLEDGED IMPORTANCE OF POLITICAL SETTLEMENT IN MIDDLE EAST. HE REPORTED THAT RECENT SIGNS WERE ENCOURAGING BUT CAUTIONED THAT MANY DIFFICULTIES REMAINED TO BE RESOLVED. UNDERSECRETARY ALSO NOTED LONG FRIENDSHIP OF KUWAIT AND US AND FACT THAT US CONSIDERS THAT KUWAIT IS ONE OF HANDFUL OF OPEC COUNTRIES WITH WHICH IT MUST MAINTAIN SPECIAL RELATIONSHIP.

3. KUWAITIS CLEARLY WERE PLEASED WITH SUBSTANCE AND TONE OF UNDERSECRETARY'S MESSAGE. THEY RESPONDED THAT THEY ALSO WISHED TO HAVE CLOSE RELATIONS WITH US AND THAT THEY RECOGNIZED SPECIAL RESPONSIBILITIES AS OIL PRODUCER AND AS MAJOR INTERNATIONAL INVESTOR. IN CANDID EXCHANGES OF VIEW, HOWEVER, KUWAITIS URGED THAT US OFFICIALS IN PARTICULAR DISCUSS SENSITIVE ECONOMIC POLITICAL AND STRATEGIC MATTERS MORE DISCREETLY WHILE USG POLICIES WERE STILL BEING FORMULATED. THEY NOTED THAT CONFRONTATIONAL TONE OF REMARKS IN PRESS OR BY CERTAIN POLITICIANS INSPIRED MORE STRIDENT RESPONSES FROM OPEC OR ARAB SIDE THAN MANY HERE DESIRED. DUAIJ INDICATED THAT SOMETIMES IT APPEARED THAT WE WERE THINKING OUT LOUD AND ASKED THAT WE DO THIS MORE QUIETLY.

4. INVESTMENT, PARTICULARLY IN US, IS POLICY AREA OF MOST IMMEDIATE DIRECT INTEREST TO KUWAITIS. ABU SU'UD SAID US VERY IMPORTANT TO GOK AS OUTLET FOR INVESTMENTS. HE SAID THAT FNCB, GOK'S CHIEF BANK IN US, URGING THAT GOK PLACE GREATER PORTION THEIR US PORTFOLIO IN LONG TERM INVESTMENTS. HE ASKED HOW COULD HE FOLLOW THAT ADVICE, WHICH HE DISPOSED TO DO, AS LONG AS EVERY LONG TERM INVESTMENT MADE THESE DAYS BY GOK IN US WAS CRITICIZED.

5. ABU SU'UD NOTED THAT IN EFFORT CALM CONCERN IN GERMANY FOLLOWING GOK INVESTMENT IN DAIMLER BENZ "GENTLEMEN'S AGREEMENT" HAD BEEN WORKED OUT WHEREBY GERMAN BANKS INFORMALLY ADVISED FRB ABOUT ACTIVITIES OF FOREIGN INVESTORS IN SHARES OF GERMAN COMPANIES.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KUWAIT 00795 01 OF 02 181132Z

IN THESE REPORTS THEY WOULD REFER TO "KUWAIT" BUT NOT TO GOK, SHOULD KUWAITIS BE INVOLVED. UNDERSECRETARY TOUCHED ON BILATERAL MUTUAL FUND IDEA AS MEANS AVOIDING POLITICAL PROBLEMS ASSOCIATED WITH INVESTMENT IN US. ABU SU'UD SAID KUWAIT'S DIVERSIFIED PORTFOLIO ALREADY ACCOMPLISHES SAME PURPOSE FROM PURELY ECONOMIC AND INCOME POINT OF VIEW. HE WOULD NOT COMMENT ON POLITICAL ASPECTS OF PROPOSAL, BUT HE INDICATED GOK WILLING TO CONSIDER SPECIFIC PROPOSALS ALONG LINES BILATERAL MUTUAL FUND.

6. ROBINSON EXPLAINED TO ABU SU'UD AND OTHERS REASONS BEHIND CURRENT CONCERN IN US OVER ARAB INVESTMENTS. FACT THAT INVESTMENTS WERE BY GOVERNMENTS AND THEREFORE THOUGHT TO BE SUSCEPTIBLE TO POLITICAL RATHER THAN SIMPLY ECONOMIC DECISION MAKING WAS CITED AS ONE REASON. UNDERSECRETARY DESCRIBED GENERALLY ATTITUDES IN CONGRESS AND WITHIN ADMINISTRATION AND LIKELY DEVELOPMENTS WITHIN USG OVER NEAR TERM.

7. ABU SU'UD REITERATED OFT-EXPRESSED KUWAITI INTEREST IN JOINING WITH US IN THIRD COUNTRIES, INCLUDING IN EUROPE, AND IN US ITSELF TO CARRY OUT JOINT VENTURES. MINISTER OF OIL SAID GOK WOULD BE INTERESTED IN COOPERATION IN ENERGY RESEARCH AND DEVELOPMENT AS AREA FOR JOINT EFFORTS. HE ALSO SAID IDEA OF EXCHANGE OF NUCLEAR ENERGY UNITS IN SWAP FOR OIL WAS INTERESTING AND WORTH FURTHER EXPLORATION. UNDERSECRETARY ROBINSON EXPLORED IDEA OF WHETHER US COULD "SWAP BTU'S" BY PROVIDING CONSTRUCTION AND SUPERVISION OF NUCLEAR POWER PLANT IN EXCHANGE FOR OIL.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 KUWAIT 00795 02 OF 02 181136Z

15

ACTION SS-25

INFO OCT-01 ISO-00 /026 W

----- 078532

R 181050Z FEB 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2281

INFO AMEMBASSY ALGIERS

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

C O N F I D E N T I A L FINAL SECTION 2 OF 2 KUWAIT 0795

EXDIS

8. MINISTER OF OIL, WHO HAS BEEN IN OFFICE ONLY FOR A WEEK OR SO AND WHO WAS THEREFORE A BIT CAUTIOUS IN HIS REMARKS, WAS PLEASED WITH EFFORT TO CONSULT GOK PRIOR TO CONSUMER-PRODUCER MEETING. NOTING THAT GOK WOULD GO ALONG WITH OPEC CONSENSUS, HE SAID HE EXPECTS MAIN ITEMS OF INTEREST ON OPEC SIDE TO BE (1) STABILITY OF DOLLAR (2) SPECIAL ASSISTANCE FOR LDCS INCLUDING

SPECIAL PRICE FOR OIL FOR THEM AND (3) CONSUMER/PRODUCER ECONOMIC COOPERATION, I.E., TECHNICAL ASSISTANCE AND RECEPTIVITY FOR OPEC INVESTMENTS IN CONSUMING COUNTRIES. MINISTER OF OIL SAID HE DOUBTED OPEC PRICES WOULD BE INCREASED DURING 1975.

9. AL-KAZEMI SEEMED EXPECIALLY INTERESTED IN UNDERSECRETARY'S TRIP TO ALGIERS. HE DESCRIBED BOUMEDIENNE AS MIDDLE-OF-THE-ROAD AND SUGGESTED THAT UNDERSECRETARY DISCUSS PRODUCER-CONSUMER CONFERENCE WITH HIM. HE GAVE IMPRESSION THAT BOUMEDIENNE'S VIEWS ON OPEC POSITIONS WERE LIKELY TO BE OF IMPORTANCE SINCE HE WILL BE CHAIRMAN OF OPEC SUMMIT NEXT MONTH.

10. COMMENT: KUWAITIS CLEARLY PLEASED WITH UNDERSECRETARY'S TONE AND HIS GENERALLY COOPERATIVE POSTURE. THEY INDICATED, HOWEVER, THAT THEY WILL BE LOOKING FOR SPECIFIC ACTION AND PROPOSALS. PUBLIC REACTION TO THEIR INVESTMENT ACTIVITY, INTENSE PRESS ATTENTION AND OCCASIONAL DERISIVE REMARKS BY POLITICIANS CAUSING SOME RESENTMENT AND CERTAINLY FRUSTRATION. NORMALLY VERY COOL CENTRAL BANK GOVERNOR EMPHATICALLY INSISTED THAT TIME CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 00795 02 OF 02 181136Z

HAS COME TO TREAT OPEC AND OTHER LDC AS PARTNERS. THESE COUNTRIES, HE SAID, NO LONGER WILLING TO BE LECTURED AND TALKED DOWN TO BY "GROUP OF 10". KUWAITIS LIKED IDEA ON CONSULTATION BUT THEY WILL SOON WANT TO MOVE INTO SPECIFICS.

11. RECENT PUBLICITY IN PRESS THAT KUWAITIS SEEKING SPECIAL OPEC MEETING TO CONSIDER AN OIL PRICE INCREASE DUE TO WEAKNESS OF THE DOLLAR WAS DISCUSSED BUT THERE APPEARED TO BE GENERAL AGREEMENT THAT THE DOLLAR HAD NOW STABILIZED AND THUS THERE WAS LESS LIKELIHOOD THAT KUWAIT WOULD URGE A PRICE INCREASE. STOLTZFUS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, INTERGOVERNMENTAL COOPERATION, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 FEB 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUWAIT00795
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750057-0507
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750236/aaaabfxx.tel
Line Count: 205
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2003 by ShawDG>; APPROVED <20 NOV 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNDERSECRETARY ROBINSON'S VISIT TO KUWAIT SUMMARY: UNDERSECRETARY ROBINSON HAD USEFUL VISIT TO KUWAIT WHICH
TAGS: ENRG, EFIN, EINV, PFOR, KU, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006